

Edwards,Michelle

From: Martha Crossen [mcrossen@riverwools.com] on behalf of Martha.Crossen@TerreHaute.IN.Gov
Sent: Tuesday, October 10, 2017 9:57 AM
To: Elliott,Earl; Auler,Amy; Don Morris; Azar, George; Nasser,Karrum; DeBaun,Curtis; Nation,Todd; Garrison,Neil; Crossen,Martha
Cc: Bennett,Duke A; Edwards,Michelle; Felling,Darrell; eelliott@sackrider.com
Subject: RE: *Ext!* T H GOLF COURSE ANALYSIS

FILED

OCT 10 2017

Some thoughts on the golf courses:

CITY CLERK

1. I think it is important that they remain public, City of Terre Haute run entities. The reasons you outlined in your closing paragraph are among my concerns.
2. The lease arrangements (and BTW I have been told the same parameters as Earl regarding the RFP for leasing the golf courses. e.g. no raise in fees, no employee layoffs and \$100,000 management fee) don't appear to get us much and may, in fact, cost more. In any case, a raise in the fees of 20% would likely get us as much or more than a leasing arrangement.
3. While the Park Board controls those fees, I think it is important for us to support a raise in fees. It seems to me that while the courses have great value to our overall quality of life as part of a robust parks department, it is fair to ask those who most directly enjoy the courses, including people who live outside the city, to pay closer to the going rate for the service. I have been doing some non-scientific digging into fees charged by other courses and we are below most. From my conversations with Park Board members I think there is support for a raise in fees and they would like public support from the Mayor and Council.
4. I am concerned that a reduction in expenses will harm the infrastructure and result in long term harm to the success of the golf courses. I understand the argument but would like to minimize this reduction and consider it temporary if the Park Board follows through on the rate increase and an expected improved situation develops.

Earl, again, thanks for your efforts on knocking out the numbers. Martha

From: Elliott,Earl [mailto:Earl.Elliott@TerreHaute.IN.Gov]
Sent: Monday, October 09, 2017 7:16 PM
To: Auler,Amy; Don Morris; Azar, George; Nasser,Karrum; DeBaun,Curtis; Nation,Todd; Garrison,Neil; Crossen,Martha
Cc: Bennett,Duke A; Edwards,Michelle; Felling,Darrell; eelliott@sackrider.com
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All, Since we do not have a resolution concerning the out-sourcing of golf course management or privatization of the golf course or whatever it is called, I just don't think we should go into 2018 with the same financial plan that has caused an average total annual golf course deficit of \$487,000 for the five years ended 12/31/16. I realize some of you may think it is the Mayor's problem or the Park Board's problem to deal with but it is the citizen's money that is being spent each year this goes on. Do you ever wonder which funds must have a positive balance in the City's cash pool to offset the Golf Course deficit cash balances? It just about has to be the Waste Water Utility. Nice! The attached schedules summarize the annual revenue and expense by course for the last five years. If expenses were reduced by 6% and revenue increased by 15 % these deficits could nearly be cut in half. Personally, I could live with a total deficit of about \$250,000 for 2018 considering the size of the regular Parks Department budget of some \$2,500,000 which is partially offset by about \$400,000 of miscellaneous revenue. A net \$2,100,000 of Parks Department expenses verses \$250,000 of golf course deficits seems reasonable compared to a net \$2,100,000 of Parks Department expenses verses \$487,000 of golf course deficits. You may not agree with that. That is fine. Let's at least have the discussion.

The attached spread sheet will show you average annual total golf course revenue is just over \$900,000

compared to average annual total golf course expenses of just under \$1,400,000. \$500,000 of expense cuts does not make sense and a one-time fee increase of \$500,000 or 55.5 % does not make sense. A combination of both is needed. There are other options available but we have little time to pass budgets for 2018.

As I understood last week's discussion, Council has authority only over expenses. We do not set the fee schedule. We can reduce the budget at any time. I guess that means we can force closure of one of the golf courses by reducing the budget at one course to an amount that just won't pay the expenses. I do not recommend that. As stated above, reducing the expenses by 6% and asking the Park Board to increase revenue by 15 to 20 % makes a big difference. Sure the golfers will not like it but many non-golfing citizens will not like the continued \$487,000 annual deficits. If the golfing community is not willing to support the expense structure by paying more and reducing the deficits, then we can come up with agreed upon further adjustments later.

It is pretty important that City Administration, the Park Board, the City Council, and the members of golf course management come to a solid consensus for the long haul. We may not get there right away but we should try.

Golf is an important quality of life issue to employers as demonstrated by the Rea family many years ago when they gave the right to use the land to the city for a Park upon which the City officials decided to build a golf course. Once that the decision was made the Rea family then stepped up with the money for the Rea Park clubhouse The Hulman family made the land available that Hulman Links sets on for a challenging golf course. I believe we should show proper respect to these families and to our present citizens as well. Our citizens are blessed by having several good golf courses to choose from. We need to keep it that way but in a financially responsible manner.

Thanks for putting up with me on another issue. Earl

From: contact@sackrider.com <contact@sackrider.com>
Sent: Monday, October 9, 2017 6:43 PM
To: Elliott, Earl
Subject: *Ext!* T H GOLF COURSE ANALYSIS

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